

CLIFFS NATURAL RESOURCES INC.

FORM 10-Q (Quarterly Report)

Filed 08/09/96 for the Period Ending 06/30/96

Address	200 PUBLIC SQUARE STE. 3300 CLEVELAND, OH 44114-2315
Telephone	216-694-5700
CIK	0000764065
Symbol	CLF
SIC Code	1000 - Metal Mining
Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	12/31

CLEVELAND CLIFFS INC

FORM 10-Q (Quarterly Report)

Filed 8/9/1996 For Period Ending 6/30/1996

Address	1100 SUPERIOR AVE 18TH FLR CLEVELAND, Ohio 44114
Telephone	216-694-5700
CIK	0000764065
Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 1996 OR TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____.

Commission File Number:1-8944

CLEVELAND-CLIFFS INC

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation)

34-1464672
(I.R.S. Employer
Identification No.)

1100 Superior Avenue, Cleveland, Ohio 44114-2589
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (216) 694-5700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

As of August 2, 1996, there were 11,604,917 Common Shares (par value \$1.00 per share) outstanding.

PART I - FINANCIAL INFORMATION

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED INCOME

	(In Millions, Except Per Share Amounts)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
REVENUES:				
Product sales and services	\$ 122.9	\$ 103.3	\$ 170.8	\$ 154.6
Royalties and management fees	13.4	12.9	22.6	21.8
	-----	-----	-----	-----
Total operating revenues	136.3	116.2	193.4	176.4
Investment income (securities)	1.6	2.1	3.8	4.7
Property damage insurance recovery	2.0		2.0	
Other income	0.9	0.6	1.4	1.4
	-----	-----	-----	-----
TOTAL REVENUES	140.8	118.9	200.6	182.5
	-----	-----	-----	-----
COSTS AND EXPENSES:				
Cost of goods sold and operating expenses	106.2	89.8	152.9	139.6
Administrative, selling and general expenses	3.7	3.7	7.5	6.8
Interest expense	1.2	1.5	2.4	3.2
Other expenses	1.9	12.2	4.7	14.1
	-----	-----	-----	-----
TOTAL COSTS AND EXPENSES	113.0	107.2	167.5	163.7
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	27.8	11.7	33.1	18.8
INCOME TAXES (CREDITS) :				
Currently payable	8.2	3.1	9.6	5.0
Deferred	1.8	(12.3)	2.1	(12.1)
	-----	-----	-----	-----
TOTAL INCOME TAXES	10.0	(9.2)	11.7	(7.1)
	-----	-----	-----	-----
NET INCOME	\$ 17.8	\$ 20.9	\$ 21.4	\$ 25.9
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE	\$ 1.52	\$ 1.75	\$ 1.82	\$ 2.16
	=====	=====	=====	=====

See notes to financial statements

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

		(In Millions)	
ASSETS	June 30, 1996	December 31, 1995	
-----	-----	-----	
CURRENT ASSETS			
Cash and cash equivalents	\$ 101.1	\$ 139.9	
Marketable securities	8.8	8.9	
	-----	-----	
	109.9	148.8	
Accounts receivable - net	61.0	61.8	
Inventories:			
Finished products	69.5	38.0	
Work in process	0.5	0.7	
Supplies	14.6	17.0	
	-----	-----	
	84.6	55.7	
Deferred income taxes	14.1	14.1	
Other	9.9	12.3	
	-----	-----	
TOTAL CURRENT ASSETS	279.5	292.7	
PROPERTIES	263.2	260.0	
Less allowances for depreciation and depletion	(143.0)	(140.0)	
	-----	-----	
TOTAL PROPERTIES	120.2	120.0	
INVESTMENTS IN ASSOCIATED COMPANIES	152.3	152.0	
OTHER ASSETS			
Long-term investments	14.3	16.3	
Deferred income taxes	9.5	11.2	
Other	56.4	52.4	
	-----	-----	
TOTAL OTHER ASSETS	80.2	79.9	
	-----	-----	
TOTAL ASSETS	\$ 632.2	\$ 644.6	
	=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY			

CURRENT LIABILITIES	\$ 90.2	\$ 103.5	
LONG-TERM OBLIGATIONS	70.0	70.0	
POST EMPLOYMENT BENEFITS	66.7	67.3	
RESERVE FOR CAPACITY RATIONALIZATION	14.8	17.2	
OTHER LIABILITIES	43.3	44.0	
SHAREHOLDERS' EQUITY			
Preferred Stock			
Class A - No Par Value			
Authorized - 500,000 shares; Issued - None	--	--	
Class B - No Par Value			
Authorized - 4,000,000 shares; Issued - None	--	--	
Common Shares - Par Value \$1 a share			
Authorized - 28,000,000 shares	16.8	16.8	
Issued - 16,827,941 shares			
Capital in excess of par value of shares	67.2	65.2	
Retained income	399.9	386.1	
Foreign currency translation adjustments	0.5	0.3	
Net unrealized (loss) on marketable securities	(1.3)	0.1	
Cost of 5,213,424 Common Shares in treasury (1995 - 4,998,674)	(132.6)	(123.8)	
Unearned Compensation	(3.3)	(2.1)	
	-----	-----	
TOTAL SHAREHOLDERS' EQUITY	347.2	342.6	
	-----	-----	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 632.2	\$ 644.6	
	=====	=====	

See notes to financial statements

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED CASH FLOWS

	Increase (Decrease) in Cash and Cash Equivalents for Six Months Ended June 30, (In Millions)	
	1996	1995
OPERATING ACTIVITIES		
Net income	\$ 21.4	\$ 25.9
Depreciation and amortization:		
Consolidated	3.2	3.5
Share of associated companies	5.4	5.7
Changes in capacity rationalization reserve	1.5	(1.4)
Tax credit		(12.2)
Increases to environmental reserve	1.2	10.7
Other	0.8	(1.2)
	33.5	31.0
Total Before Changes in Operating Assets and Liabilities		
Changes in operating assets and liabilities		
Short-term marketable securities	0.1	0.2
Other	(44.8)	(16.4)
	(11.2)	14.8
NET CASH FROM (USED BY) OPERATING ACTIVITIES		
INVESTMENT ACTIVITIES		
Capital expenditures:		
Consolidated	(4.0)	(9.1)
Share of associated companies	(7.4)	(1.9)
Other		(1.0)
	(11.4)	(12.0)
NET CASH (USED BY) INVESTMENT ACTIVITIES		
FINANCING ACTIVITIES		
Repurchase of common stock	(8.8)	(8.0)
Principal payment of long-term debt		(5.0)
Dividends	(7.6)	(7.8)
Other		0.1
	(16.4)	(20.7)
NET CASH (USED BY) FINANCING ACTIVITIES		
EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.2	(0.7)
	(38.8)	(18.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	139.9	140.6
	\$ 101.1	\$ 122.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	=====	=====
Income taxes paid	\$ 9.9	\$ 7.6
Interest paid on debt obligations	\$ 2.4	\$ 3.3

See notes to financial statements

CLEVELAND-CLIFFS INC

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the financial statement footnotes and other information in the Company's 1995 Annual Report on Form 10-K. In management's opinion, the quarterly unaudited financial statements present fairly the Company's financial position and results in accordance with generally accepted accounting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

References to the "Company" mean Cleveland-Cliffs Inc and consolidated subsidiaries, unless otherwise indicated. Quarterly results are not necessarily representative of annual results due to seasonal and other factors.

Certain prior year amounts have been reclassified to conform to current year classifications.

NOTE B - MCLOUTH BANKRUPTCY

On September 29, 1995, McLouth Steel Products Corporation, Inc. ("McLouth"), a significant customer, petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company had periodically extended credit to McLouth. At the time of the bankruptcy filing, the Company had an unreserved receivable from McLouth of \$5.0 million, secured by first liens on certain McLouth fixed assets. A \$2.7 million reserve against the receivable was recorded in September, 1995.

On March 15, 1996, McLouth announced that it had begun a shutdown of its operations due to inadequate funds. The Company had supplied approximately 120,000 tons of pellets per month to McLouth in 1996 prior to shutdown. The Company has reserved all financial exposure from the McLouth shutdown, except the \$2.3 million unreserved receivable which is secured by first liens on property and equipment.

On June 26, 1996, the bankruptcy court approved the sale of McLouth's assets and an agreement to settle secured claims, including the Company's secured claim. Based on the terms of the agreement, the Company expects to fully recover the carrying value of its secured claim. Proceeds from the sale of McLouth's assets will be used primarily to satisfy administrative claims, including the Company's administrative claim.

NOTE C - ENVIRONMENTAL RESERVES

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for known environmental problems at active mining operations, idle and closed mining operations and other sites have been recognized based on estimates of the cost of required investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the minimum of the range is accrued in accordance with generally accepted accounting principles. Estimates may change as additional information becomes available. Actual cost incurred may vary from the estimates due to the inherent uncertainties involved. Any potential insurance recoveries have not been reflected in the determination of the financial reserve.

During the first six months of 1996, the Company provided \$1.2 million of additional environmental reserves and made payments of \$.9 million. The additional environmental provision reflects the Company's continuing review of estimated restoration expense at all known sites.

At June 30, 1996, the Company has an environmental reserve of \$23.2 million, of which \$4.4 million is current. The reserve includes the Company's obligations related to:

- o Federal and State Superfund and Clean Water Act sites where the Company is named as a potential responsible party, including Cliffs-Dow and Kipling sites in Michigan, the Summitville mine site in Colorado, and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company's iron mining operations. The reserves are based on the Company's share of engineering estimates of remedial investigations and remedial actions prepared by outside consultants engaged by the potential responsible parties. The Company continues to evaluate the recommendations and other means for site clean-up. Significant site clean-up activities have taken place at Cliffs-Dow since late 1993.
- o Wholly-owned active and idle operations, including Northshore mine and Silver Bay power plant in Minnesota, which was acquired on September 30, 1994. The Northshore/Silver Bay reserve is based on an environmental investigation conducted by the Company and an outside consultant in connection with the purchase.
- o Other sites, including current and former operations, for which reserves are based on the Company's estimated cost of investigation and remediation of sites where expenditures may be incurred.

Estimated environmental expenditures under current laws and regulations are not expected to materially impact the Company's consolidated financial statements.

NOTE D - INSURANCE RECOVERY

In January, 1996, the Company's Northshore Mining Company sustained property damage to 42 railroad ore cars relating to a train derailment. The property damage, less deductible, resulted in a net insurance recovery of \$2.0 million pre-tax.

NOTE E - ACCOUNTING AND DISCLOSURE CHANGES

In October, 1995, the Financial Accounting Standards Board issued Statement 123, entitled, "Accounting for Stock-Based Compensation," which establishes financial accounting and reporting standards for stock-based employee compensation plans. The standard is effective for years that begin after December 15, 1995. Management is evaluating the accounting and disclosure alternatives; however, no significant financial statement effect is expected.

MANAGEMENT'S DISCUSSION AND ANALYSIS
RESULTS OF OPERATIONS

COMPARISON OF SECOND QUARTER AND FIRST SIX MONTHS - 1996 AND 1995

Net income for the second quarter was \$17.8 million, or \$1.52 per share, and first half earnings were \$21.4 million, or \$1.82 a share. Earnings for both periods included a \$1.3 million after-tax property damage insurance recovery on a January, 1996 ore train derailment.

Second quarter 1995 earnings were \$20.9 million, or \$1.75 a share, and first half 1995 earnings were \$25.9 million, or \$2.16 a share. Earnings for both periods included income from special items: a \$12.2 million tax credit resulting from the settlement of prior years' tax issues, partly offset by a \$6.7 million after-tax increase in the reserve for environmental expenditures.

Excluding the special items in both years, second quarter 1996 earnings were \$16.5 million, or \$1.41 a share, versus \$15.4 million, or \$1.29 a share in 1995, and first half 1996 earnings were \$20.1 million, or \$1.71 a share, compared to \$20.4 million, or \$1.70 a share in 1995.

Following is a summary of results:

	(In Millions, Except Per Share)			
	Second Quarter		First Half	
	1996	1995	1996	1995
	-----	-----	-----	-----
Income Before Special Items:				
Amount	\$ 16.5	\$ 15.4	\$ 20.1	\$ 20.4
Per Share	1.41	1.29	1.71	1.70
Special Items:				
Amount	1.3	5.5	1.3	5.5
Per Share	.11	.46	.11	.46
Net Income:				
Amount	17.8	20.9	21.4	25.9
Per Share	1.52	1.75	1.82	2.16

Earning comparisons before special items for the second quarter and first half were favorably affected by higher Australian earnings and increased North American sales volume in 1996, and unfavorably affected by higher operating costs and a higher effective income tax rate in 1996.

Earnings per share in the second quarter and first half of 1996 reflect the favorable effect of repurchasing shares under the Company's stock repurchase program.

Australian pre-tax earnings were \$5.7 million and \$9.2 million in the second quarter and first half 1996. Comparable earnings in the second quarter and first half 1995 were \$2.5 million and \$3.5 million respectively. The Australian operation is projected to cease operations in the first quarter of 1997.

* * *

The Company's managed mines in North America produced 9.8 million tons of pellets in the second quarter of 1996, equal to 1995. First half production was 18.8 million tons, also unchanged from 1995.

The Company's North American iron ore pellet sales in the second quarter of 1996 were 2.9 million tons compared with 2.6 million tons in 1995. First half sales were 3.9 million tons versus 3.8 million tons in 1995. Sales for 1996 are up slightly from 1995 despite the failure of a significant customer (McLouth Steel Products Corporation), which occurred in the first quarter 1996. The increase is due, in part, to the continued strong demand in the steel industry.

LIQUIDITY

At June 30, 1996, the Company had cash and marketable securities of \$109.9 million. Since December 31, 1995, cash and marketable securities have decreased \$38.9 million due to increased working capital, \$44.8 million, capital expenditures, \$11.4 million, repurchases of common stock, \$8.8 million, and dividends, \$7.6 million, partially offset by cash flow from operating activities, \$33.5 million.

Capital additions and replacements, at the six Company-managed mines in North America, are projected to total approximately \$74 million in 1996. The Company's share of such 1996 expenditures is expected to approximate \$25 million.

On April 15, 1996, the Company announced an international joint venture to produce and market premium quality reduced iron briquettes to the steel industry. All definitive project documents were subsequently signed on May 8, 1996. The venture's participants, through subsidiaries, will be Cleveland-Cliffs Inc, 46.5 percent; The LTV Corporation, 46.5 percent; and Lurgi AG of Germany, 7 percent. The Company will manage the \$150 million project, to be located in Trinidad and Tobago, and will be responsible for sales by the venture company, Cliffs and Associates Limited. The Company's share of capital expenditures is estimated to be \$70 million, of which \$18 million is expected to be spent in 1996. No project financing is envisioned.

Cliffs and Associates Limited has entered into forward currency exchange contracts to hedge the Deutsche Mark as part of the construction project. The purpose of the contracts is to manage the risk of exchange rate fluctuation with respect to the portion of project construction costs denominated in the Deutsche Mark. The Company's share of outstanding contracts, which have varying maturity dates to June 1, 1998, have an aggregate contract value of \$16.8 million and an aggregate estimated fair value of \$16.3 million, at June 30, 1996.

The Company has \$70.0 million of senior unsecured notes outstanding with a group of private investors. The notes which have a fixed interest rate of 7.0 percent are due in December, 2005. In addition, the Company has a \$100 million revolving credit agreement. No borrowings are outstanding under this agreement which was amended in July, 1996 to extend the expiration date by one year to March 1, 2001. The Company was in compliance with all financial covenants and restrictions of the agreements.

In January, 1995, the Company commenced a program to repurchase up to 600,000 shares of its common shares in the open market or in negotiated transactions. In July, 1996, the Company announced the expansion of this program to 1.0 million shares, an increase of 400,000 shares. Under the combined program the Company has repurchased 503,500 shares through July 12 at a total cost of \$19.6 million.

The Company initially established a reserve in 1983 for expected costs of reorienting its mining joint ventures and facilities to adjust to changed market conditions. The reserve balance is principally for the planned shutdown of Savage River Mines in Tasmania, Australia, in the first quarter of 1997, and the permanent shutdown of the Republic Mine, which was announced on January 30, 1996. The Republic Mine has been idle since 1981. Expenditures for the next twelve months, for both Savage River Mines and Republic Mine, are projected to approximate \$14.4 million.

Pursuant to the Coal Industry Retiree Health Benefit Act of 1992 ("Benefit Act"), the Trustees of the UMWA Combined Benefit Fund have assigned responsibility to the Company for premium payments with respect to retirees, dependents, and "orphans" (unassigned beneficiaries), representing less than one-half of one percent of all "assigned beneficiaries" under the Benefit Act. The Company is making premium payments under protest and is contesting the assignments that it believes were incorrect. Premium payments by the Company were \$.6 million in the second quarter of 1996 and \$.2 million in the second quarter of 1995. Additionally, in December, 1993, a complaint was filed by the Trustees of the United Mine Workers of America 1992 Benefit Plan against the Company demanding the payment of premiums on additional beneficiaries related to two formerly operated joint venture coal mines. The Company is actively contesting the complaint. Monthly premiums are being paid into an escrow account (80% by a former joint venture participant and 20% by the Company) by joint agreement with the Trustee, pending outcome of the litigation. At June 30, 1996, the Company's coal retiree reserve was \$9.7 million, of which \$1.2 million is expected to be paid in 1996. The reserve is reflected at present value, using a discount rate of 7.25%. Constitutional and other legal challenges to various provisions of the Benefit Act by other former coal producers are pending in the Federal Courts.

CAPITALIZATION

Long-term obligations effectively serviced by the Company at June 30, 1996, including the current portion, totalled \$76.8 million. The following table sets forth information concerning long-term obligations guaranteed and effectively serviced by the Company.

	(Millions)			
	June 30, 1996		December 31, 1995	
	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees
Consolidated	\$70.0	\$70.0	\$70.0	\$70.0
Share of Unconsolidated Affiliates	6.8	13.4*	6.3	12.9*
Total	\$76.8	\$83.4	\$76.3	\$82.9
Ratio to Shareholders' Equity	.2:1	.2:1	.2:1	.2:1

* Includes \$6.6 million of Empire Mine debt obligations which are serviced by LTV and Wheeling and mature in December, 1996.

At June 30, 1996, the Company was in compliance with all financial covenants and restrictions related to its medium-term, unsecured senior note agreement.

The fair value of the Company's long-term debt (which had a carrying value of \$70.0 million) at June 30, 1996, was estimated at \$66.4 million based on a discounted cash flow analysis and estimates of current borrowing rates.

Following is a summary of common shares outstanding:

	1996	1995	1994
	-----	-----	-----
March 31	11,832,767	12,031,392	12,079,885
June 30	11,614,517	11,892,092	12,080,560
September 30		11,898,467	12,091,310
December 31		11,829,267	12,099,860

OUTLOOK FOR 1996

Steel markets in the U.S. and Canada continue to be strong and most industry analysts see little change in demand levels over the balance of the year. Strong order rates and historically low inventories are expected to keep North American steelmakers operating at high levels with North American steel shipments projected to meet or exceed the 112 million tons shipped in 1995. However, steel price realizations have been disappointing.

The six North American mines managed by the Company are operating at nearly full capacity and are scheduled to produce 40.6 million tons, a slight increase from the 39.6 million tons produced in 1995. The Company's share of scheduled production is 10.3 million tons in 1996 compared with 9.8 million tons in 1995.

The Company's North American iron ore pellet sales for the year 1996 are now estimated to be 11.2 million tons, up slightly from the previous forecast and higher than the 10.4 million tons sold in 1995, despite the occurrence of the failure of one of the Company's significant customers (McLouth). Average pellet price realization is expected to increase moderately over 1995 due to the market strength and contractual increases.

BUSINESS RISK

In addition to the preparation of financial statements in conformity with generally accepted accounting principles, as described in Note A - Basis of Presentation, this report contains forward-looking statements. Such statements include discussions on capital expenditures, production and sales projections, and development of a new venture. These forward-looking statements are based on the Company's current expectations that are subject to risks and uncertainties, which could materially impact the expected results.

The Company's dominant business is the production and sale of iron ore, and is, therefore, subject to the cyclical nature of the steel industry. The North American steel industry has experienced high operating rates in recent years. Most steel company partners and customers of the Company have improved their financial condition due to better operating results and increased equity capital. However, the integrated steel industry continues to have relatively high fixed costs and obligations.

The improvement in most steel companies' financial positions has reduced the major near-term business risk faced by the Company, i.e., the potential financial failure and shutdown of one or more of its significant customers or partners, with the resulting loss of ore sales or royalty and management fee income. However, if any such shutdown were to occur without mitigation through replacement sales or cost reduction, it would represent a significant adverse financial development to the Company. The iron mining business has high operating leverage because "fixed" costs are a large portion of the cost structure. Therefore, loss of sales or other income due to failure of a customer or partner would have an adverse income effect proportionately greater than the revenue effect.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to Vote of Security Holders

The Company's Annual Meeting of Shareholders was held on May 14, 1996. At the meeting the Company's shareholders acted upon the election of Directors, a proposal to approve the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, and a proposal to ratify the appointment of the Company's independent public accountants. In the election of Directors, all 13 nominees named in the Company's Proxy Statement, dated March 25, 1996, were elected to hold office until the next Annual Meeting of Shareholders and until their respective successors are elected. Each nominee received the number of votes set opposite his or her name:

NOMINEES -----	FOR -----	WITHHELD -----
Ronald C. Cambre	10,668,665	174,491
Robert S. Colman	9,255,414	1,587,743
James D. Ireland	10,806,437	36,719
G. Frank Joklik	10,821,033	22,124
E. Bradley Jones	10,819,631	23,526
Leslie L. Kanuk	10,821,897	21,260
Francis R. McAllister	10,676,865	166,291
John C. Morley	10,821,620	21,536
M. Thomas Moore	10,821,968	21,189
Stephen B. Oresman	10,809,161	33,995
Alan Schwartz	10,820,502	22,654
Jeptha H. Wade	10,820,912	22,245
Alton W. Whitehouse	10,821,917	21,240

Votes cast in person and by proxy at such meeting for and against the adoption of the proposal to approve the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan were as follows: 10,597,844 Common Shares were cast for the adoption of the proposal; 199,504 Common Shares were cast against the adoption of the proposal; and 45,808 Common Shares abstained from voting on the proposal.

Votes cast in person and by proxy at such meeting for and against the adoption of the proposal to ratify the appointment of the firm of Ernst & Young LLP, independent public accountants, to examine the books of account and other records of the Company and its consolidated subsidiaries for the year 1996 were as follows: 10,820,098 Common Shares were cast for the adoption of the proposal; 7,476 Common Shares were cast against the adoption of the proposal; and 15,583 Common Shares abstained from voting on the proposal.

There were no broker non-votes with respect to the election of directors, the approval of the Nonemployee Directors' Compensation Plan, or the ratification of the independent public accountants.

Item 6. Exhibits and Reports on Form 8-K

- (a) List of Exhibits - Refer to Exhibit Index on page 15.
- (b) There were no reports on Form 8-K filed during the three months ended June 30, 1996.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEVELAND-CLIFFS INC

Date *August 9, 1996*

By */s/ J. S. Brinzo*

J. S. Brinzo
Executive Vice President-Finance and
Principal Financial Officer

EXHIBIT INDEX

Exhibit
Number

Exhibit

11

Statement re computation of earnings per share

Filed
Herewith

27

Consolidated Financial Data Schedule submitted for
Securities and Exchange Commission information only

COMPUTATION OF EARNINGS PER SHARE Exhibit 11

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

	(In Millions, Except Per Share Amounts) Six Months Ended June 30	
	----- 1996 -----	----- 1995 -----
Primary and fully diluted earnings per share:		
Average shares outstanding	11.8	12.0
Net effect of dilutive stock options and performance shares based on treasury stock method using average market price	--	--
	-----	-----
Average shares and equivalents	11.8	12.0
	=====	=====
Net income applicable to average share and equivalents	\$ 21.4	\$ 25.9
	=====	=====
Income per share	\$ 1.82	\$ 2.16
	=====	=====

ARTICLE 5

This schedule contains summary financial information extracted from statements of consolidated income, consolidated financial position and computation of earnings per share and is qualified in its entirety by reference to such financial statements.

CIK: 0000764065

NAME: CLEVELAND CLIFFS INC

MULTIPLIER: 1,000,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	JUN 30 1996
CASH	101
SECURITIES	9
RECEIVABLES	61
ALLOWANCES	1
INVENTORY	85
CURRENT ASSETS	280
PP&E	263
DEPRECIATION	143
TOTAL ASSETS	632
CURRENT LIABILITIES	90
BONDS	0
COMMON	17
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	330
TOTAL LIABILITY AND EQUITY	632
SALES	193
TOTAL REVENUES	201
CGS	153
TOTAL COSTS	161
OTHER EXPENSES	5
LOSS PROVISION	0
INTEREST EXPENSE	2
INCOME PRETAX	33
INCOME TAX	12
INCOME CONTINUING	21
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	21
EPS PRIMARY	1.82
EPS DILUTED	0

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.